

This letter discusses whether hearing aid batteries qualify for the low State rate of tax applied to qualifying medical appliances. See 86 Ill. Adm. Code 130.310. (This is a GIL.)

August 11, 2006

Dear Xxxxx:

This letter is in response to your letter dated April 21, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I have a small accounting practice located in CITY, IL. I do some bookkeeping for various businesses and have been approached by someone who would like to start a Hearing Aid business and locate it in Illinois. The research I have done on your website was helpful in giving me general information. However I found that under Title 86, Part 130 Retailer's [sic] Occupation Tax, Section 130.310,c,2. Hearing Aides [sic] sold as a unit to "substitute for a malfunctioning part of the human body" qualify for the exemption at the rate of 1% (Section 2-10 of the Act).

My **first** question to you is:

Do replacement or repair parts as well as batteries for these Hearing Aides [sic] qualify under the same code section. Would my client charge sales tax at the rate of 1% for such items?

My **second** question to you is:

What would be the rate for other non-medicinal *related items* specifically for hearing aides [sic] or hearing aid recipients if sold at the facility?

I appreciate your consideration of this matter.

**DEPARTMENT'S RESPONSE:**

A hearing aid is a medical appliance intended by its manufacturer for use in directly substituting for a malfunctioning part of the body and may qualify for the lower Retailers' Occupation Tax rate. See 86 Ill. Adm. Code 130.310(c)(2). Batteries made especially for hearing aids and which can only be used in hearing aids also qualify for the lower tax rate as they are necessary for the operation of a hearing aid.

Batteries that are not made specifically for qualifying medical appliances may qualify for the lower tax rate if certification is obtained from the purchaser that the batteries are to be used for the qualifying medical appliances. Non-medicinal "related items" would be subject to the higher rate of tax if they are not necessary for the operation of the qualifying medical appliance.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk